



NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY
WESTERN DISTRICT OF MISSOURI

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FOR IMMEDIATE RELEASE

TWO PLEAD GUILTY TO FRAUD SCHEME TO SELL DAMAGED VEHICLES

SPRINGFIELD, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a Joplin, Mo., man and the owner of a Little Rock, Ark., used car lot pleaded guilty in federal court today to participating in a fraud scheme to sell water-damaged vehicles to unsuspecting customers.

John L. Graves, 55, of Joplin, and **Randall Tullis**, 42, of Little Rock, Ark., pleaded guilty in separate appearances before U.S. District Judge Richard E. Dorr to charges contained in an indictment that was returned by a federal grand jury on July 9, 2003.

John Graves was involved in the business of buying and selling used motor vehicles through East Side Auto, Inc., in Joplin. **Tullis** is the owner and operator of Tullis Auto Sales in Little Rock, which buys and sells used vehicles.

John Graves and **Tullis** admitted that they defrauded others by selling water-damaged vehicles without disclosing that damage in a conspiracy that lasted from Oct. 30, 1998 to Sept. 10, 1999.

John Graves admitted that he purchased water-damaged vehicles and resold them to buyers in Oklahoma and elsewhere, falsely representing to the buyers and others that the vehicles had not been water damaged. He was able to sell the damaged vehicles after **Tullis** obtained “clean” Arkansas titles for them.

On Nov. 4, 1998, **John Graves**, acting for East Side Auto, purchased more than 50 water-damaged vehicles. On three separate occasions between December 1998 and February 1999, **John Graves** sent titles from those vehicles, branded with the mark “WATER DAMAGE,” to **Tullis**, and received “clean” titles without the water damage mark in return. **Tullis** admitted that he obtained the clean Arkansas titles by submitting false declarations

concerning the water damage to the vehicles in order to get “clean” or “washed” titles that did not indicate any water damage to the vehicles. **Tullis** mailed the clean Arkansas titles to **John Graves**, who then used those clean titles and false representations that the vehicles had not been water damaged to hide the water damage to the vehicles and to sell the vehicles without disclosing that they had been water damaged. As a result, Todd Graves said, buyers paid significantly more for the vehicles than they would have if they had known their true condition.

On Feb. 12, 1999, and March 26, 1999, **John Graves** caused the sale of four of those vehicles at an auction in Oklahoma, claiming falsely that the vehicles had not been water damaged.

John Graves also admitted that he engaged in mail fraud in furtherance of the conspiracy, by causing the mailing of motor vehicle titles and wholesale orders for vehicles. On Sept. 10, 1999, **John Graves** caused East Side Auto to send a number of bogus wholesale orders to **Tullis**. Each bogus wholesale order indicated the sale of a motor vehicle from East Side Auto to Tullis Auto Sales, when in fact no such sale had occurred.

Under federal statutes, **John Graves** could be subject to a sentence of up to 10 years in federal prison without parole, plus a fine up to \$500,000. **Tullis** could be subject to a sentence of up to five years in federal prison without parole, plus a fine up to \$250,000. Their sentences will be determined according to the United States Sentencing Guidelines. Sentencing hearings will be scheduled after the completion of presentence investigations by the United States Probation Office.

The case is being prosecuted by Allan Gordus, trial attorney for the U.S. Department of Justice. It was investigated by the Federal Bureau of Investigation and the Missouri State Highway Patrol.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

www.usdoj.gov/usao/mow